



FEDERAL HOUSING ADMINISTRATION

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

www.fha.gov
1-800-CALL-FHA

INDUSTRY FACT SHEET: FHA Short Refinance

Loans Eligible for Refinancing	<ul style="list-style-type: none"> Conventional: Alt-A, Subprime, fixed or ARM, all documentation types
Loans <i>Ineligible</i> for Refinancing	<ul style="list-style-type: none"> FHA-insured loans Loans in a trial modification period or other temporary status
Property Eligibility	<ul style="list-style-type: none"> 1-4 Units Condo
Available Mortgage Types	<ul style="list-style-type: none"> Fixed ARM
LTV/CLTV	<ul style="list-style-type: none"> The refinanced FHA-insured first mortgage must have a LTV ratio of no more than 97.75 percent. When combined with a second mortgage, the CLTV may not exceed 115 percent of the property's current value.
Eligibility/Underwriting	<ul style="list-style-type: none"> Property must be the borrower's primary residence. Standard FHA credit underwriting requirements apply. Mortgage being refinanced must be current for the month due. Must have a "FICO based" decision credit score greater than or equal to 500. For manually underwritten loans, the qualifying ratios must not exceed 31/50. Amounts owed on outstanding mortgages must exceed current property value. Existing first lien holder must write down at least 10% of the unpaid principal balance. Borrower must not have been convicted within the last 10 years of any of the following: (a) felony larceny, theft, fraud, or forgery; (b) money laundering; or (c) tax evasion in connection with a real estate or mortgage related transaction.
Mortgage Insurance Premiums	<ul style="list-style-type: none"> 2.25% UFMIP, 0.50%/0.55% Annual MIP for case numbers assigned prior to October 4, 2010. 1% UFMIP, 0.85%/0.90% Annual MIP for case numbers assigned on or after October 4, 2010.
Program Term	<ul style="list-style-type: none"> Effective for loans with case numbers issued on or after September 7, 2010 that are closed on or before December 31, 2012.
Other	<ul style="list-style-type: none"> FHA Short Refinance loans will be displayed separately in Neighborhood Watch. FHA Short refinance loans will not be included in HUD's analysis of a lender's compare ratio for the Credit Watch Termination Initiative. HUD will not issue a termination notice if an excessive default and claim rate is attributable to these loans. Existing second mortgage lien investors may be entitled to an incentive based on the CLTV of the existing liens if any portion of the debt is extinguished. For guidance, please refer to Treasury SD 10-08 which can be found on www.hmpadmin.com.

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for more than 34 million people since 1934*

